

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 SAJ-01 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01

USIA-15 AGR-20 DRC-01 /197 W
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R 031121Z SEP 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 1886

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E.O. 11652: N/A

TAGS: EGEN, HU

SUBJECT: STATUS OF HUNGARIAN ECONOMY

1. LATEST ISSUE OF ECONOMIC WEEKLY FIGYELO EXPRESSES
CONSIDERABLE SATISFACTION WITH DEVELOPMENT OF HUNGARIAN
ECONOMY BUT CONCERN AT COURSE OF ITS TRADE WITH WEST, WHERE
INFLATIONARY CHANGES WORKING TO HUNGARY'S NET DISADVANTAGE,
SAYING "LOSS" MAY EQUAL FOUR PERCENT OF NATIONAL INCOME THIS
YEAR.

2. SAYS INDUSTRIAL PRODUCTION INCREASED DURING FIRST
HALF OF YEAR AT RATE OF 7.7 PERCENT, EXPECTED TO FINISH
YEAR AT 7 PERCENT, WITH LEVEL OF OUTPUT THEN AT POINT
PLANNED FOR 1975.

3. AGRICULTURAL OUTPUT WILL ALREADY REACH 1975 LEVEL THIS
YEAR. CLAIMS ADEQUATE MEASURES TAKEN TO PROTECT MEAT
INDUSTRY AGAINST COMMON MARKET "TRANSITORY DIFFICULTIES."

4. THEY EXPECT TO BE ABLE TO KEEP CONSUMER PRICE INCREASES
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WITHIN PLANNED 2 PERCENT LEVEL FOR 1974, EVEN TAKING
INTO ACCOUNT NEW PRICE INCREASES SCHEDULED FOR

SEPT 1, AND TO MEET THE PLANNED RATE OF 5.5 PERCENT PER
CAPITA INCREASE IN REAL INCOME.

5. IMPORTS FROM RUBEL COUNTRIES INCREASED BY 16 PERCENT,
EXPORTS BY 3 PERCENT, LOWERING THEIR FAVORABLE BALANCE
OF TRADE (A GOAL OBJECTIVE).

6. TRADE WITH WESTERN COUNTRIES, HOWEVER, QUITE DIFFERENT
FROM PLANS. IN CURRENT PRICES, EXPORTS INCREASED BY 47
PERCENT, IMPORTS BY 60 PERCENT OVER FIRST HALF OF LAST
YEAR. IN VOLUME OF GOODS, MOREOVER, FOUR-FIFTHS
OF IMPORT INCREASE WAS A PRICE INCREASE WHILE ONLY TWO-THIRDS
OF EXPORT INCREASE WAS IN PRICES. ARTICLE CONCLUDES THAT
DEFICIT IN WESTERN TRADE FOR 1974 (WHICH IT CALLS A "LOSS")
MAY AMOUNT TO 4 PERCENT OF NATIONAL INCOME AND SAYS THAT
INCREASED NATIONAL INCOME AND GREATER EXPORT TURNOVER CAN
COUNTERBALANCE THIS ONLY TO A SMALL EXTENT.
PEDERSEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, ECONOMIC CONDITIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BUDAPE02413
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740243-0689
From: BUDAPEST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740980/aaaacpxp.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2002 by elyme>; APPROVED <27 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STATUS OF HUNGARIAN ECONOMY
TAGS: EGEN, HU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005